



Waterwise  
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23rd June 2020

[https://www.ofwat.gov.uk/wp-content/uploads/2020/05/Innovation\\_Consultation\\_2020.pdf](https://www.ofwat.gov.uk/wp-content/uploads/2020/05/Innovation_Consultation_2020.pdf)

Dear Sir or Madam

### **Ofwat Innovation Fund June 2020 Consultation - Waterwise Response**

Many thanks for your invitation to comment as part of your further consultation on the proposed Innovation Fund

#### **Who is Waterwise?**

[Waterwise](#) was founded in 2005 and is the leading authority on water efficiency in the UK. We are an independent, not-for-profit campaigning organisation, receiving funding from supporters across and beyond the water sector and wider sponsorship and research projects. Our vision is that water will be used wisely, every day, everywhere.

#### **Summary of Our Interest in the Innovation Fund**

Waterwise is very supportive of the Innovation Fund and we are really pleased to see it progressing.

We believe that we have a huge amount to offer both as Waterwise and through the [UK Water Efficiency Strategy](#) and its collaborative Steering Group. The Innovation Fund provides a fantastic opportunity to make much needed transformational change. Not just through specific research projects but also through its support to enabling activities. As an example, we would love to be able to build on much of what Waterwise already does (e.g. events, newsletters, database, networks, projects, awareness campaigns) to create a not for profit **Water Efficiency Innovation Hub** as an enabler to better capture, recognise, disseminate and promote innovation around water efficiency (see outline table below).

| What the new UK Water Efficiency Innovation Hub would provide |  |
|---|--|
| Water Efficiency Innovation Database (Open Source)            | Adapting the existing water efficiency database to highlight reports and case studies of innovative water efficiency activities sourced by Waterwise within the UK and internationally   |
| Innovation Marketplace  | Showcasing online (for free) the most water-efficient products and services for both household and business water users  |
| Annual Innovation Marketplace Event                           | Hosting an annual event where providers of innovative water efficiency products and services can meet face to face with water efficiency leaders from the wholesalers and retailers  |
| Water Efficiency Innovation Newsletter                        | Issuing a bi-monthly Water Efficiency Innovation newsletter showcasing new innovation  |
| Collaborative Research Review                                 | Organising an annual review process with water efficiency managers from the water companies plus regulators to identify collaborative water efficiency research needs to address evidence gaps and explore specific areas of innovation. This could potentially be expanded to include commissioning and funding of this work.   |
| Networking  | Convening a range of networking groups and events that help promote knowledge sharing and innovation in water efficiency   |
| Awards and Accreditations                                     | Supporting an annual Water Efficiency Innovation Award (link to existing awards??) and using the existing Waterwise Checkmark Awards (Office, Community etc) to recognise best practice.   |
| Advocating for Supportive Policy                              | Using insights from the above activities and from other countries to inform advocacy with UK governments and regulators on policy and regulatory changes that will support water efficiency and the adoption of relevant innovative products and practices. To include updating the 2017 UK Water Efficiency Strategy in 2021/22 |

## Responses to Specific Questions

**Q1: Do you agree with our proposed default arrangements for managing IPR and royalties? Do you think these arrangements work for different types of projects and activities (e.g. new technology vs. process innovation, roll-out activities etc.)?**

No comment.

**Q2: What alternative arrangements should we be considering for IPR/ royalties?**

No comment.

**Q3: Do you agree with the principle that data generated through the innovation competition should be open by default?**

Yes we do. However, it is also important that reports and case studies that provide insights and learnings are shared as a default as well as data. We endeavour to do this through our open source database <https://waterwise.org.uk/water-efficiency-database/>.

**Q4: Do you agree with our proposed approach and that we should consider alternative arrangements beyond company contributions?**

Yes. We support the proposed approach. Waterwise receives funding annually from most of the UK water companies. We are keen to be able to count a portion of this as match funding both for specific projects but also as part of a bid for enabling funds to support our proposed Water Efficiency Innovation Hub. It would be useful to have an indication from Ofwat as to whether this is acceptable.

**Q5: Do you agree that a guideline minimum company contribution of 10% is appropriate in this context?**

We support setting a guideline minimum expectation for match funding.

We don't have a view on the exact %.

**Q6: Do you agree with the overarching approach we set out here?**

No comment.

**Q7: What are your views on introducing separate, proportionate, arrangements for small-scale projects? How might we define small-scale projects for the purposes of the innovation competition?**

Having a proportionate approach for small scale projects is supported. This should include seed funding to support collaborative primer research and blue sky thinking.

Small scale projects could be selected based on their cost with a simpler application process when funding is for less than a threshold (for example 10k). In addition, decision making on allocating funding of small scale projects could be simplified/delegated.

**Q8: Do you agree with our proposal for ensuring roll-out is at the heart of the innovation competition? How might we reward both leaders and fast followers?**

Rewarding leaders in roll-out may prove counterproductive encouraging secrecy, siloed approaches and may be counter to the open by default and collaboration principles.

However, in the application process we agree that weight can be given to whether a submission has a dissemination and roll-out plan.

**Q9: What practical arrangements should we introduce to ensure adequate ring-fencing of the innovation funding?**

No comment

**Q10: Do you think the proposed innovation challenge approach will help better enable partnerships and collaboration between companies and third-parties, in particular smaller innovators? Are there alternative approaches we should be considering? How can we make sure this approach works in practice?**

We support the third party Innovation Challenge approach. It can potentially provide a rapid and open way for a wider range of organisations to pitch for support for their innovative ideas. A number of water companies have experience in running this sort of competition and insights from them should be sought.

We do think that it will require careful framing of the “challenges” so that a) they reflect the big challenges the water sector faces; b) they aren’t all set in the short term and c) they aren’t too focussed on tech innovation.

As part of our thinking around an enabling fund bid for a Water Efficiency Innovation Hub one element of it would be an online Innovation Marketplace supported by an annual event to showcase innovative water efficiency services and ideas. This would fit well with the intent of the proposed Innovation Challenge.

**Q11: Do you agree with our proposed approach to returning funds to customers? Are there any other circumstances, not considered here, under which we might consider returning funding to customers?**

We support the proposed approach.

**Q12: Do you agree with our proposed approach for managing interactions with the price review?**

No comment.

**Q13: Do you agree with our proposed amendments to the principles? Are any further amendments to the principles required to reflect our approach to outstanding policy issues outlined in this document?**

We agree with the proposed amendments although we wouldn’t necessarily embed the 10% figure into the principles themselves.

**Q14: Do you agree with our proposed focus, major strategic themes and overall approach for the competition?**

We support the focus on meeting the challenges of the climate crisis, population growth and volatile weather. We also support the major strategic priority themes of adapting to climate change; reaching net zero, improving ecological status of the water environment, increasing long term operational resilience, delivering wider public value and open data.

**Q15: What is the appropriate split of available funding between the Innovation in Water Challenge, the main competition and enabling activities?**

We believe that in year 1 it is crucial that sufficient funds are set aside for prioritising the enabling activities which will then benefit subsequent years. Without this there is a risk the initiative as a whole will lack coherence and impact. So we would suggest a different split in year 1 when compared to subsequent years as per below.

| <u>Element</u>      | <u>Year 1</u> | <u>Subsequent Years</u> |
|---------------------|---------------|-------------------------|
| Enabling Activities | 50%           | 20%                     |
| Main competition    | 30%           | 40%                     |
| Challenge           | 20%           | 20%                     |

**Q16: What are your views on the feasibility of running all three types of activities in the pilot year, and on the proposed timings in Annex 3?**

We believe that, if at all possible, the pilot year must be used to test all three strands. The funding split can be adjusted if progress is slower on one or two aspects. As highlighted in response to Q15 we do believe it is important that the enabling activities are prioritised in Year 1.

**Q17: Do you agree with our proposed approach to key implementation considerations outlined here?**

Yes, we agree with the proposed approach. It would be useful to build in a feedback process for applicants in case they wish to resubmit an idea for a future round of competition.

If you have any queries on our response please do get in touch.

Regards

